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C O N F I D E N T I A L SECTION 01 OF 02 CONAKRY 000122

SIPDIS
SENSITIVE

E.O. 12958: DECL: 02/25/2019
TAGS: [EAID](#) [AORC](#) [PGOV](#) [ECON](#) [GV](#)
SUBJECT: IMF CONTINUES TECHNICAL SUPPORT WITH LOWERED PROFILE

REF: A. HUNTER-BROKESHLIRE E-MAIL
[¶](#)B. CONAKRY 119
[¶](#)C. CONAKRY 121

Classified By: ECONOFF T. SCOTT BROWN FOR REASONS 1.4 (B) AND (D)

[¶](#)11. (C) SUMMARY. On Monday, 23 February, DCM and Econoff met with Alvin Hilaire, the Resident Representative for the International Monetary Fund in Guinea. Hilaire confirmed that the IMF is not withdrawing from Guinea, and plans to continue its low-profile macroeconomic engagement with the CNDD in order to pave the way for quick HIPC completion shortly after democratic elections. Hilaire confirmed that the Fund does not have a clear understanding of the current Guinean government's fiscal policy. Overall, the ResRep seems optimistic about Guinea's capacity to make progress, and appears to be going out of his way to avoid antagonizing the CNDD. END SUMMARY.

"WE ARE NOT LEAVING GUINEA"

[¶](#)12. (C) Hilaire began the meeting by denying a report from Department (Ref A) that the IMF intended to close its country office in Guinea and relocate to Sierra Leone. "We are not leaving Guinea," he said. Instead, Hilaire indicated that several months ago, the GoG requested that the IMF field office currently covering Guinea and Sierra Leone be split, so that Guinea might have its own full-time IMF ResRep. He said that his headquarters is currently considering this request, and might eventually pair Sierra Leone with Ghana to accommodate Guinea.

----- QUIET ENGAGEMENT, WITH HIPC COMPLETION ONLY AFTER ELECTIONS -----

[¶](#)13. (C) Hilaire said that the Fund's current objective is to continue to engage the regime led by the National Council for Democracy and Development (CNDD) on macroeconomic issues, such as Central Bank reform and audits of certain government accounts. In his view, the transition to a civilian government will be short, and the Fund should therefore continue to lay the groundwork for Guinea to reach the HIPC completion point (CP) shortly after elections. Hilaire stated categorically that the Fund would not support HIPC completion until after elections are held. He said that IMF Headquarters believed that giving substantial debt relief to the CNDD would legitimize the regime and perhaps send a signal that the Fund tacitly supports coups.

NO PUBLIC DECLARATION

15. (C) When DCM asked if Hilaire or IMF Headquarters planned to issue a press statement saying that elections must take place before the World Bank and the IMF reconsider HIPC completion, Hilaire stated that he did not plan to issue any declaration. Nor would the Fund state directly to GoG officials that elections are a prerequisite for HIPC completion. According to Hilaire, the Fund must keep a low profile during the transition and avoid antagonizing "this armed guy," meaning CNDD-President, Captain Moussa Dadis Camara. Hilaire also said that such an announcement "might halt all efforts at cooperation," which would be counterproductive to the IMF's purposes. He said that not engaging Guinea was also risky, as the work the GoG completed prior to the coup could easily "slip away." Hilaire said that he had faith in the current Governor of Guinea's Central Bank (BCRG), who was previously the head of the Bank's audit department. He said that "it's tricky to strike a balance between supporting the transition and being seen as supporting the coup."

PUBLIC FINANCES ARE "NOT CLEAR"

16. (C) Hilaire said that the IMF mission did not have a good grasp of the CNDD's fiscal policy or strategy for economic governance since the coup, but noted that the status of Guinea's public finances is currently "clear to no one." He said that the Fund has been unable to obtain many economic

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indicators and other key data from the military regime. Though Hilaire reported a close relationship to the Governor of the BCRG, he said that his relationship to the Ministry of Finance is "deliberately tangential," and that he has met only once with the current Minister of Finance, Captain Mamadou Sande, to avoid the appearance that he is too close to the junta.

RESREP SEES BOTH SIDES OF REVENUE CONSOLIDATION

17. (C) Addressing the recent CNDD consolidation of Guinea's major revenue streams--Customs, Bureau of Taxation, the Mining Fund--under the presidency (Refs B & C), Hilaire said that under ideal circumstances, control over Guinea's finances would be divided. However, he said he understood the argument that the CNDD might need to take extraordinary measures in order to make progress in fighting corruption and rent-seeking. He said he is willing to accept such an arrangement provided that revenue streams revert to ministerial control following elections.

RESREP CONTINUES PUSH FOR INDEPENDENT CENTRAL BANK LAW

18. (C) As part of his continued engagement with Guinea, the Resrep said that he would continue to push for a law granting more monetary-policy independence to the Central Bank. Hilaire noted that Lansana Conte's last government before the coup had sent such a law to the National Assembly, but that the putsch took place before the parliament could pass it. Hilaire expressed hope that a newly elected National Assembly would again take up the bill, but in the meantime said that he would quietly advocate that the CNDD ratify an almost identical, interim law to get the ball rolling.

COMMENT

19. (C) In the past, Embassy has noted the IMF ResRep's

optimistic interpretation of Guinean progress towards achieving the HIPC completion point and other Fund goals. Hilaire seemed sanguine during our first meeting with him post-coup, which had been delayed due to his constant travel since December. Essentially, Hilaire stated he believes that the transition will be short and the completion point will be achieved shortly after end-of-year elections. Like almost all other multilateral partners, Hilaire also gave the impression of going out of his way not to ruffle the feathers of the CNDD, avoiding any hard-line stance on economic issues and appearing reluctant to announce a "No Elections, No Debt Relief" policy. His views stand in stark contrast to Siaka Bakayoko, the ResRep of the World Bank, who seems to have with time become more skeptical of the regime's capacity and motivations.

¶10. (C) The IMF's coy approach is at odds with the USG's clear position calling for timely elections and a return to civilian rule. The Fund's silence on electoral pre-conditions for HIPC completion may well nourish a false hope in the CNDD of an eventual financial windfall, which may stiffen its resistance to calls for a timely transfer of power. END COMMENT.

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